

Beat: Music

Commission approves joint venture for cross-border licensing of online music

Between PRSfM, STIM and GEMA

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USPA NEWS - European Commission has approved under the EU Merger Regulation the proposed creation of a joint venture for multi-territorial online music licensing and copyright administration services by three music collecting societies.

They are PRS for Music Limited (PRSfM) the UK, Föreningen Svenska Tonsättares Internationella Musikbyrå u.p.a. (STIM) of Sweden and Gesellschaft für musikalische Aufführungs- und mechanische Vervielfältigungsrechte (GEMA) of Germany. The approval is conditional upon the proposed joint venture implementing commitments that will enable other players to compete with the joint venture in the provision of copyright administration services.

The Commission had concerns that the creation of the joint venture would make it more difficult for other collecting societies to offer copyright administration services by raising the barriers to entry and growth in this market. The commitments submitted by the companies address these concerns. Commissioner Margrethe Vestager, in charge of competition policy, commented that “the proposed joint venture would make it easier for online music platforms such as iTunes, YouTube or Deezer to get the licences they need to offer cross-border music services to consumers. The Commission is satisfied that the commitments will ensure that other collecting societies can also compete and offer copyright administration services.”^[7]

Collecting societies manage the copyrights of authors, performers and writers of musical works. They grant licences on their behalf to users of musical works, monitor and detect these licences' unauthorised use, and collect and distribute to rightholders the revenue derived from the exploitation of their musical works. Online platforms such as iTunes, Spotify, YouTube or Deezer must obtain licences for the music copyrights in order to distribute music to their customers and, in particular, obtain from rightholders both performing rights and mechanical rights.

The joint venture will provide copyright holders with a number of services, as licensing music to online platforms. The joint venture will provide licences for the combined music repertoire of PRSfM, STIM and GEMA on a multi-territorial basis, that is, for use in several countries. Through a single licence, online platforms will therefore obtain the rights for three repertoires and for all countries in which they operate. Currently, online platforms need separate licences from each of PRSfM, STIM and GEMA.

Also provide copyright administration services to collecting societies and the so-called 'Option 3 music publishers'. These services include the collection and processing of royalties from online platforms and the provision of database services. 'Option 3 publishers' are large music publishers that have withdrawn the mechanical rights related to their Anglo-American repertoire from the collecting societies and have started to license these rights directly. These publishers rely on the collecting societies solely for administrative services.

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